
American Electric Power Summer 2001 Readiness

Presentation before the
Indiana Utility Regulatory Commission

Thursday, May 10, 2001



AEP: America's Energy PartnerSM

Summer 2001

- Generation
- Transmission
- Distribution
- Customers



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Strategy and Planning

- AEP resources, both generation and market, provide for our native load customers first
- Indiana customers benefit from AEP's breadth of access to capacity and markets
- AEP East System: 73 Units in 37 Plants comprising 24,668 MWs of installed capacity
- AEP West System: 100 Units in 37 Plants comprising 13,653 MWs of installed capacity



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1999 vs 2000 vs 2001

AEP East System

1999 Summer Peak.....	19,952 MW
2000 Summer Peak.....	18,218 MW
2001 Estimated Peak *.....	19,897 MW

* assumes normal weather



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Preemptive Outages

2000 Preemptive Liability Outages

- ▶ Twelve outages in Spring

2001 Preemptive Liability Outages

- ▶ Twenty-two outages in Spring



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Summer 2001

- June 4, 2001
All scheduled maintenance concluded
- No scheduled maintenance
until September 1, 2001
- Short term outages to remove liabilities to
be taken on an opportunistic basis



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Summer 2001 (Cont'd)

- Streamlined Management Structure
 - ▶ Wholesale strategy
- Improved Production Optimization
 - ▶ Coordination
 - ▶ Dispatch
- Forced Outage Factor reduced 4% 2000 vs. 1999

Generation Summary

- Safety First
 - ▶ For customers, employees, and public
- Reliability = Good Business
- Proper market signals get power to where it has the most value
- Flexibility is key in being able to respond to changing situations



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Transmission

- AEP Transmission capability expected to be adequate during the Summer 2001
- Return of Cook Unit 1 in December 2000
 - ▶ reduced south to north line loadings in Indiana
 - ▶ increased export capability to the north and west
- IPPs add 4500 MW by Summer 2001 in ECAR



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Transmission

- AEP Transmission Improvements
 - ▶ Orange Station placed in-service May 4, 2001
 - ▶ Full capacity spare transformer will be delivered to Marysville in June 2001
 - ▶ \$64M of improvements in Indiana and Ohio during the 1998 to 2001 period
 - ▶ One benefit is increased transfer capability to AEP's north and west



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Transmission

- A large number of Transmission Loading Relief (TLR) requests occurred in 2000
 - ▶ AEP continued to meet its obligations to its firm retail and transmission service customers
 - ▶ Only nonfirm transactions were curtailed
- Based on similar volume and weather in 2001, AEP would expect fewer TLRs due to system improvements



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Transmission

- Alliance RTO target dates
 - ▶ July 1, 2001 -- Establish integrated communication protocols with members
 - ▶ August 1, 2001 -- Operate existing systems in parallel with pilot RTO
 - ▶ November 1, 2001 -- Begin independent operation of RTO
 - ▶ December 15, 2001 -- FERC operational requirement

Distribution: 2001 Planning and Performance

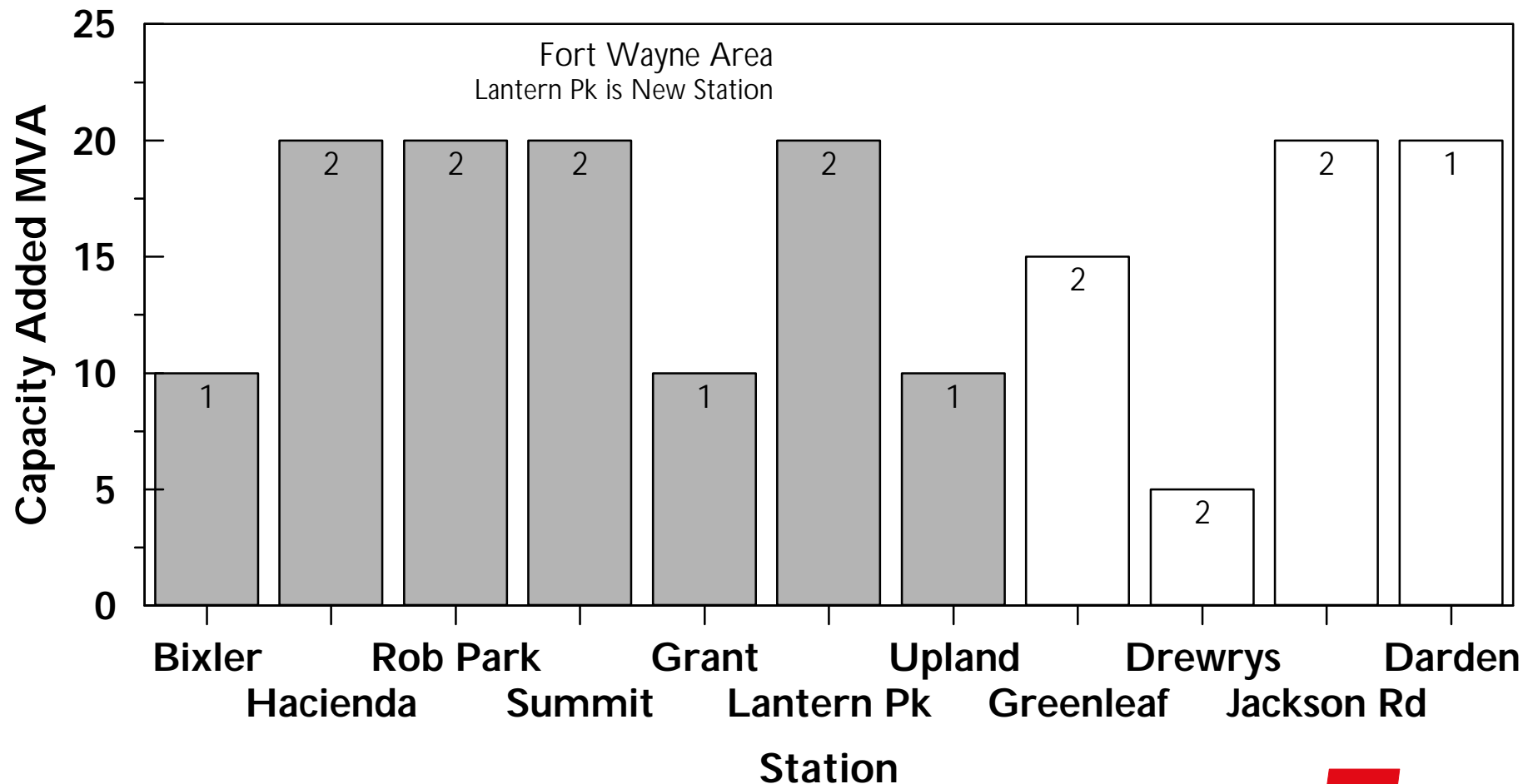
- Proactive capital planning and construction to meet 2001 load
- Proactive asset maintenance programs to assure excellent performance of existing assets



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Capacity additions and new circuits

170 MVA (7.8% added) & 18 circuits



Upgrades and Maintenance Projects

- Reactive control devices
- Asset management
 - ▶ Recloser inspection and replacement
 - ▶ Underground cable treatment
 - ▶ Pole inspection, treatment and replacement
 - ▶ Inspection of overhead and underground facilities
 - ▶ Animal-related outage mitigation



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South Bend Network Project

- Accelerated Two-Year, \$18M Project
 - ▶ To replace:
 - 32,000 feet of cable
 - 23 transformers
 - the entirety of the existing 34.5 kV network
 - ▶ To build a new 138/13.8 kV station
 - ▶ To install three 13.8 kV network feeders



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Customers

- Time-of-day tariffs
- Off-peak demand forgiveness
- Riders ECS and PCS
- Interruptible loads
- Communications



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